



State of Arizona
Department of Education

Jaime A. Molera
Superintendent of
Public Instruction

DATE: June 17, 2002

TO: All Public Education Agencies

FROM: Steve Mishlove *SM*
Co-Director
Exceptional Student Services

RE: RESIDENTIAL PLACEMENT FUNDING ALERT

On Tuesday, June 4, 2002, the Arizona Department of Education received an undated official notice from the Arizona Department of Health Services (ADHS) of their intention to withdraw from the Interagency Service Agreement (ISA), ADHS Contract #032026, effective June 30, 2002. They state this decision was driven by a budget cut which eliminates the SEH funds used to pay for the treatment costs of students who do not meet the medical necessity criteria needed to qualify for Title XIX funds. ADHS is taking the position that, by withdrawing from this agreement, they are no longer responsible for these students. It is their intent to end funding for these students effective July 1. At this time, it appears that approximately 40 students statewide may be affected by this course of action. The Arizona Department of Education (ADE) is taking steps to resolve this issue.

It is ADE's position that the Arizona Department of Health Services continues to be responsible by virtue of statute ARS 15-765(L) regardless of the status of the ISA. It is also our position that the targeted students should remain in their current placement until this dispute is resolved or their exit criteria have been met. However, it is the responsibility of each local education agency to insure that the necessary services are being provided in accordance with the IEP. As a result, IEP teams may need to be convened to review the IEP and the appropriateness of the current placement. In addition, it is essential that district representatives participate in any and all staffings initiated by ADHS regarding these students. ADHS has stated that the Child and Family Teams will make placement decisions, so it is critical that you have a voice on that team.

If you have any questions you may contact Kathryn Huizenga at 928-226-0849 or Roberta Brown at 602-364-4006. We will continue to inform you of any developments in the resolution of this dispute.